

Balloon Landing Task Force

Final Report



Created by

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Executive Summary: The following report addresses a critical need by the Albuquerque International Balloon Fiesta (AIBF) to create a long-term supply of balloon landing sites. Many of the balloons that participate in the event's Mass Ascensions land in an area generally located between Alameda Blvd. to the north, Interstate 25 to the east, 2nd St. to the west, and Comanche/Griegos Road. to the South. This area though is continually developing and this is quickly depleting the available number of balloon landing areas for balloonists. A task force assembled by the AIBF and the Albuquerque City Council after a 2-year study and analysis of the issue has identified several potential courses of actions to preserve an adequate number of landing sites for future Balloon Fiestas.

Given the assumptions that 2.5 balloons can land on 1 acre and that 210 acres are needed to land 525 balloonists during the Mass Ascension, to create a sustainable and adequate number of balloon landing sites, the AIBF and the City have the following options.

1. *Improve parking lots on developed sites using either Lodgers Tax Funds (as they become available) or by creating a Gross Receipts Tax Credit.* The Lodgers Tax account is mostly covered with commitments for the next ten years and funding would likely be limited to improving one or two sites per year. A tax credit, through a means to reimburse property owners for improvements they make on their own, would remove from the City the expense of making the improvements it would require an act of the legislature to create. Tax credits would not provide a feasible reimbursement tool on those sites where the business located on the property are not retail business that collect significant amounts of Gross Receipts Taxes.
2. *Purchase/acquire one large site to serve as a co-facility for landing balloons, for accommodating community intramural sporting events and providing practice fields, and for providing an outdoor venue for cultural and other recreational events.* The purchase of one large site could address over half the landing needs for the Balloon Fiesta and would provide the City a badly needed practice field facility. Though the cost to purchase the site and improve it as an intramural facility could range from \$60-70 million.
3. *Purchase and or otherwise acquire a collection of small and medium balloon landing sites.* These sites could also be developed as parks and or small practice field areas. It should be noted, however, that an analysis has determined that the aggregate land available within the primary landing area for balloons would only provide about a third of the needed space for landing balloons during the Balloon Fiesta's Mass Ascensions.
4. *Continue to expand the AIBF and Hispano Chamber of Commerce's "X" marks the spot program.* This program could theoretically solve the issue if an adequate amount of sites were to participate in the prime landing zone south of Balloon Fiesta Park. However, only those sites that do not require safety improvements to provide for a safe balloon landing would likely be usable by balloonists and the availability of the sites is dependent upon the graces of the property owner, being that there is no contracted term for how long the sites will be available.
5. *Combination of the above four options.* A combination of the above four options may be necessary to accomplish the goal of providing an adequate number of landing sites to accommodate the needs of the Balloon Fiesta for the following reasons. For options 1 through 4, there is no guarantee how many property owners will participate and, therefore, only a

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partial number of balloon sites may be provided. Option 2 would be an expensive proposition and would only provide about half of the number of needed landing sites. Option 3 would provide only about a third of the needed landing sites and it is not known if all of the potential landing sites could be acquired. However, pursuing what is realistically achievable in each of these options could result in an adequate number of landing sites that is sufficient for the Balloon Fiesta.

I. Purpose: The Albuquerque International Balloon Fiesta is New Mexico's most iconic special event. The Balloon Fiesta includes over 500 balloons from over 43 states and 21 countries that converge on Balloon Fiesta Park for 10 days in early October. The Balloon Fiesta draws over 840,000 people, many of whom travel from outside New Mexico to attend the event. However, the long term viability of the event is at risk because the lands south of Balloon Fiesta Park are gradually being developed, which is eliminating vacant lands that balloonists are able to land upon to complete their flights from the Park. The Albuquerque International Balloon Fiesta Balloon Landing Task Force was established through Albuquerque City Council Resolution-18-19 and was charged with exploring potential solutions for preserving, preparing, or acquiring properties for balloon landings. The task force was composed of close to 30 local experts in the fields of ballooning, taxation, policy-making, land use, real estate, and neighborhood development, and included representatives from many jurisdictions, including the City of Albuquerque, Bernalillo County, Sandia Pueblo, Sandoval County, and Rio Rancho.

The task force met three times between August 30, 2018 and April 25, 2019 to assess the viability of 1) improving parking lots and other open spaces on private properties and 2) acquiring private properties in their entirety. The task force referred to solutions used for improving lands as part of "Plan A" and solutions for acquiring lands as part of "Plan B." While Plan A involved assessing a wide variety of finance and zoning mechanisms for improving private properties, Plan B involved assessing land acquisition mechanisms. Two subcommittees were also created during this time to explore each type of mechanism. City Council staff also met with local experts in taxation and accounting, and reported their findings back to the task force for further consideration.

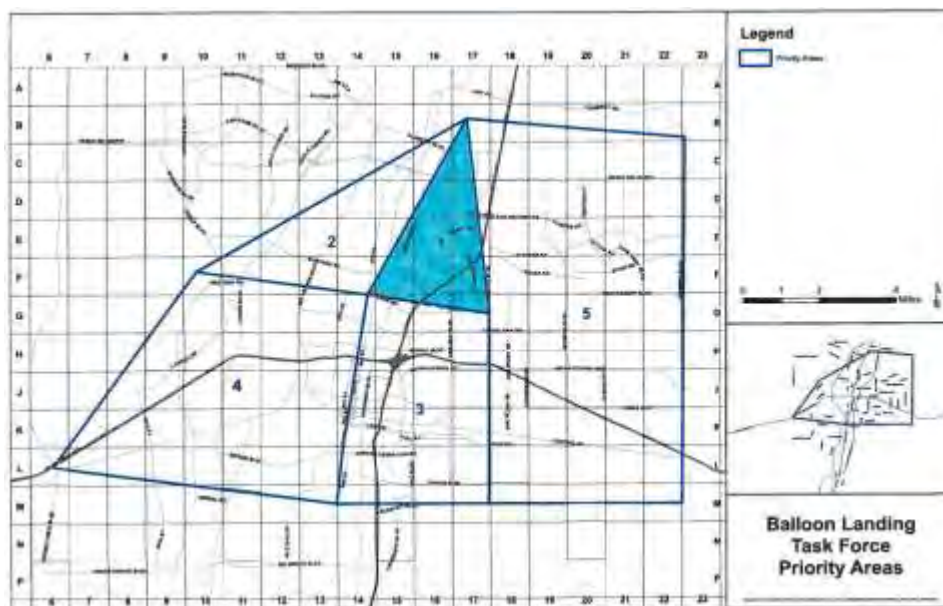
II. Identifying Needs: Before the task force began their work on August 30, City Council and City Planning staff met with Balloon Fiesta staff to identify the needs of the Albuquerque International Balloon Fiesta (AIBF).

Landing Conditions: Staff identified the following list of landing conditions balloonists have preferred:

- Area relatively close to Balloon Fiesta Park
- Less than 10 knots of wind (preferably between 0-5 knots)
- Landing spaces with few to no light poles
- Landing spaces with few to no trees, and
- Balloonists are always on the lookout for open/vacant space such as arroyos and parks

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Balloonists participating in the Balloon Fiesta utilize the prevailing winds from Balloon Fiesta Park and many flights are relatively short. The results of a Balloon Wind Study conducted by AIBF determined that balloonists participating in the Balloon Fiesta travel south to a subarea depicted in the following map (highlighted in light blue) approximately 72% of the time:



While utilizing this subarea of the City for Balloon Fiesta landings is ideal for maximizing the spectacle of the Mass Ascension, recent increases in infill development in this subarea pose a threat to the viability of the Balloon Fiesta. This subarea also happens to be a part of the City that is experiencing intense commercial infill development. Much of this has to do with the fact that this subarea is located along Interstate 25 and is centrally located among population zones of the Albuquerque Metropolitan Area, and that there are a high number of vacant properties that lie within it, resulting in a strong market demand for land development.

Mapping: To initiate the process of exploring which mechanisms to apply to different properties within the defined subarea, the City of Albuquerque's AGIS Division created an interactive map highlighting possible landing locations that fit specific landing conditions previously identified by City Council and Balloon Fiesta staff along with the following property size and configuration parameters (listed below). This map can be accessed by visiting the following link: <https://sflinks.cabq.gov/KVU8qkr7Fqo/>.

- *Assumption:* During a Balloon Ascension that has multiple flights, 1 acre is needed to land 2.5 balloons.
- *Land use:* commercial, industrial, mobile home, or vacant
- *Target Size:* 300' x 300' (using 90,000 square feet to filter out locations too small and 40,000 square feet as a minimum size to accommodate some locations that are long and narrow)

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Once the target landing locations were identified and all of the land improvement and acquisition mechanisms were assessed, Balloon Fiesta Safety Officer volunteers made actual site visits within the subarea to confirm which sites were viable for landing.

III. Implementation: The following sections include information on how the task force determined which properties to pursue and which mechanisms to use for improving and/or acquiring land. The task force reviewed a number of mechanisms to either acquire private property for landing sites or to acquire access to developed private property and to make necessary improvements for safe landings. Upon identifying the appropriate mechanisms, the task force proceeded to research financial mechanisms and create a list of such instruments that could be applied to fund acquiring the rights to use these lands and construct the improvements. See Appendix 2 for a comprehensive list of site acquisition, funding, and zoning mechanisms explored by the task force.

A. Site Acquisition: The task force, with assistance from staff from the City Council Office, the City Department of Finance and Administration, the City Bond Council, the City Contract Policy Analyst for State Legislation, the City Legal Department and the New Mexico Tax Institute, identified three different site mechanisms to provide the City the right to access property as a site for balloon landing. These include short-term lease agreements, license agreements, and easements. Though the Task Force reviewed a number of other instruments, these three instruments were considered the most fiscally viable, with one (short term Licenses) best addressing the needs of the City for creating access to landing sites and for protecting the interests of private property owners.

Short Term License Agreements: Short term license agreements would provide the City joint use (along with the owner or existing tenants on the property) of a balloon landing site with an appropriate amount of landing space, which most often would be comprised of a parking lot. The license is structured similar to a lease agreement in that it stipulates how many years the agreement would be in effect, any compensation due the property owner for the agreement, and the terms of use. The primary advantage of using a short term license over a lease agreement is that it allows the property owner to use the landing space when the City is not utilizing it. A lease agreement, in contract, provides the City exclusive use and requires the owner to seek permission from the City when the City is not utilizing the site.

In the case of landing sites, the terms would be the sole use of a designated parking lot or open areas from 6:00 am until 9:30 am during the Balloon Fiesta, with any improvements to be made by the licensee (the City) and other responsibilities pertaining to insurance and other administrative matters. The agreement could also include an opt-out clause for the property owner, in the event that they wish to dispose of their property during the term of the license and sale of their land is dependent on the buyer having the sole access to the portion of the property that is included in the license agreement. The opt-out clause could also include any provisions for the property owner fully or partially reimbursing the City for any capital investment the City places into the property, such as moving landscaping from the interior of the landing area to the exterior or replacing standard pole mountain area lights with bollard lighting.

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Short Term Leases: Short term leases are almost identical to license agreements except that with a lease agreement the City would acquire exclusive use of the facility. Considering that the need for the landing site would only likely be from 6:00 am to 9:30 am on the days of the Balloon Fiesta, the exclusive use clause could make it problematic for the tenant on the property and the owner. Even if the tenant needed to drive a piece of equipment across the site during the lease hours in a manner that would not interfere with balloon landings, under the lease they would have to obtain the City's permission to do so. With a license agreement in place the tenant could do so as long as it did not interfere with the balloon landings.

Easements: Easements allow a government the legal right to enter onto either private property or that of another government agency to use that land for a specific purpose while preserving the property owner's legal title and property rights. This option would not likely be considered feasible by property owners. Governments almost always obtain easements that are classified as "appurtenances," meaning they become part of the formal ownership of the land and stay with the land in the event the property is sold or replatted. It is likely that property owners would consider easements as potentially abridging the value of their land due to the restrictions it would place on the ability to develop or sell the open area where the balloons would land.

B. Funding: Members of both the Finance and Zoning Subcommittees discussed the challenges and opportunities with using a wide variety of finance mechanisms to pay for the right to access and fund improvements, including the use of industrial revenue bonds, general obligation bonds, etc. The Subcommittees determined that using Lodgers Tax revenue to fund the improvements of balloon landing sites would be the most viable because this revenue stream is specifically designed to fund capital projects that enhance the local tourism industry. Per the Lodgers Tax Ordinance, 50% of revenue must go towards promotions and up to 50% may go towards funding bonds for capital improvements to tourism facilities or for purchasing such facilities. The City is currently using the 50% for promotions to contract with 5 vendors to promote tourism and the remaining 50% could be used to improve balloon landing areas. Improving balloon landing areas fits the definition of an improvement that directly aids a tourist related event. This includes defraying the costs through bonding of establishing, operating, purchasing, constructing, otherwise acquiring, reconstructing, extending, improving, equipping, furnishing, or acquiring real property or any interest in real property. Lodgers Tax revenue, however, cannot be applied as an annual line item appropriation or a pay-as-you-go capital expense. This is for tax purposes so that the bonds can be sold as tax-free instruments to investors.

Committee members anticipated that with new Lodgers Tax revenue from short-term rentals starting to come in, there will be an increase in revenue that could help fund the cost of improving potential balloon landing sites. With more Lodgers Tax revenue available, the task force determined that it would need to make a recommendation to the Lodgers Tax Advisory Board to prioritize improving the vitality of the Balloon Fiesta over the next five years by dedicating a certain percentage of its revenue to balloon landing improvements. The Finance Subcommittee also emphasized that it would be

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important to determine how much of the City's annual Lodgers Tax revenue comes from the Balloon Fiesta.

In 2018, the AIBF contracted a firm to determine the amount of Lodgers Tax generated by the Balloon Fiesta. It was determined that there was an estimated \$41.8 million spent by Balloon Fiesta guests at overnight accommodations in the Albuquerque Metro Area. Presently, all bookings for overnight lodging are subject to taxes including Lodgers Tax and state and local gross receipts tax. Survey research determines that 31.7% of Balloon Fiesta guests stayed at a hotel or motel, while 9.3% stayed at an Airbnb rental or other inn or B&B. Measured by the cost of hotel and motel accommodations and the average number of hotel/motel overnights, Balloon Fiesta generated an estimated \$2.51 million in Lodgers Tax for Albuquerque. However, the City recently adopted legislation that would commit most of the capital funding for the Lodgers Tax for 10 years - this means that any potential funding for Balloon Fiesta improvements would have to come from additional growth in the Lodgers Tax beyond that which is projected as part of the funding base for the City's recently adopted list of Lodgers Tax projects. The Balloon Fiesta could still seek funding from Bernalillo County's Lodgers Tax revenue, but it is not likely that the revenue from the County could fully fund the project.

Anti-Donation Clause: Due to New Mexico's anti-donation clause in the State Constitution pertaining to improvements to private land, each proposed landing site would require a careful analysis to verify that the private benefit procured through public funds does not outweigh the public benefit. In nearly all cases, this analysis would likely determine that the improvements would provide a greater public benefit in the following ways: 1) the Balloon Fiesta is a significant economic generator; 2) the Balloon Fiesta is part of the City's culture-scape; and 3) the private land would only be approved for balloon landings and there would be no additional benefit to the rent value to the owner or the operations of a business tenant on the site.

Creation of a New Tax Credit: The task force also explored the ability to utilize tax credits as a mechanism for securing landing sites. From its research, the task force determined there was one form of tax credit that could apply is the gross receipts tax credit. A tax credit allows the party holding the tax credit the ability to recover or keep a portion of the gross receipt taxes they collect from customers in exchange for providing specific benefit for the public good. Unlike other tax credits that apply to property taxes or income, the gross receipts tax can be tailored specifically to revenues that are distributed to the City of Albuquerque and therefore would not impact other public agencies that do not benefit as directly from the balloon fiesta. In the matter of balloon landing sites, a property owner (at their expense) would improve a site so that balloons could safely land on the site, and would enter into an agreement with the AIBF or the City to allow balloons to safely do so. The owner would then obtain the legal ability to deduct out the cost of the improvements from the gross receipts owed to the State of New Mexico.

Tax credits are created through an act of the state legislature. A number of experts on tax credits informed the task force that the legislature is not likely to create new tax credits due to the significant

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number of tax credits already in existence and the resulting reduction in tax revenues due to the credits. However, if the legislature were to approve a new tax credit it would likely be a gross receipts tax credit. A gross receipts tax credit would be the most convenient for County Assessor Offices to calculate the value of the taxes a credit holder is exempted from and could be tailored specifically to taxes that the City of Albuquerque imposes. There is potential that Bernalillo County, as the other local government entity that receives revenue through gross receipts tax could also participate in the tax credit. A gross receipts tax credit approved by the legislature for improving balloon landing sites could apply to the portion of the gross receipts that are imposed by the City of Albuquerque or by both the City of Albuquerque and Bernalillo County.

The tax credits may not provide many property owners within the priority landing area the incentive needed for the owner to invest in recreating the open space on their land as a balloon landing site. For example, a 2 acre landing site could provide space to land 5 balloons during a morning balloon launch at the Balloon Fiesta. If the tax credit only applied to the City of Albuquerque's share of the gross receipts tax, a credit on gross receipts taxes owed would exempt the tax credit holder from 2.457¢ of every dollar generated at a sale. The cost to improve that site would be estimated at around \$43,000. At 2.457¢ of gross receipts tax revenue generated for every dollar of sales, for a business to recover the cost of those improvements from gross receipt taxes, it would have to generate about \$1,800,000 in gross receipts taxable sales. Though this may be in the range of annual revenues generated by many of the businesses located on primary landing sites, few of them are retail businesses from which most gross receipt taxes are collected. Many of the businesses operating in the potential balloon landing zone are either wholesale, manufacturing, non-profit, or institutional companies that do not collect gross receipts taxes.

Conservation and Preservation Tax Credit: The task force also reviewed applying conservation and preservation tax credits to improve properties. Under a conservation tax credit, participating property owners could deduct the expenses made to improve the landing site from their New Mexico Corporate Income Tax. Several members of the task force with knowledge of this tax credit believed improving balloon landing sites fulfilled the eligibility requirements to qualify for a conservation and preservation tax credit. It is the task force's understanding that the Energy, Minerals and Natural Resources Department may certify a property for eligibility for a tax credit for "open space, natural area protection, biodiversity habitat conservation, land preservation, agricultural preservation, historic preservation or similar use or purpose of the property." Members of the task force with knowledge of this tax credit believe the use of property as balloon landing sites could potentially qualify for these tax credits pursuant to Section 7-2A-8.9 NMSA 1978. Preserving potential balloon landing sites would protect and conserve the public's interest in sustaining the viability of the Balloon Fiesta – being that it is the largest and most well-known cultural and recreational venue in New Mexico. Members of the task force also believe private landowners would welcome using the conservation tax credits available through Section 7-2A-8.9 NMSA 1978 for committing the availability and suitability of their property for balloon landing sites. A request has been made through the State Legislative to the New Mexico Attorney General if improving balloon landing sites would be a valid use of the conservation

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tax credit. As of the completion of this report, the New Mexico Attorney General has not replied to the request.

Local Economic Development Funding Act: The Local Economic Development Funding Act (LEDA) allows public support of economic development to foster, promote, and enhance local economic development efforts while continuing to protect against the unauthorized use of public money and other public resources. LEDA is used to enter into a public private partnership for an economic benefit and allows municipalities and counties to enter into Joint Powers Agreements to plan and support regional economic development projects. LEDA can be used to support 3 types of projects: Infrastructure/Improvement, Economic Development (Job Creator), and Retail. This instrument was considered by the task force being that the Balloon Fiesta creates retail jobs on the grounds of the Balloon Fiesta, at lodges, and in other tourism service industries. Though, State law also requires for there to be a direct benefit to the creation of jobs to any project funded with LEDA funds. If the project is improving the balloon landing sites, it would have to create jobs at the site. Since it is not necessary to hire people to help land balloons, the instrument was discounted.

Industrial Revenue Bonds: Industrial Revenue Bonds were also reviewed but quickly determined to be unfeasible. Revenue bonds would have to be issued for each site and the cost for filing the paperwork to issue the bonds would be between \$40,000 and \$50,000, which would be an amount equivalent or greater than the cost of the improvements for a small balloon landing site. In addition, the application for the bonds would have to document the number of jobs created by each bond project and the location of those jobs. This would not be possible in that the jobs created, as stated in the previous paragraph on LEDA funding, are often at restaurants and lodges, which benefit from the fiesta as a whole, not specifically from improvements made to the site.

C. Balloon Landing Site Zoning Challenges: To construct the improvements necessary to safely land balloons, certain elements of parking lots would have to be removed and/or relocated, as required by the City Zoning Code. The features that would require removal and/or relocation are as follows:

- *Trees* located within the interior of the parking lot or along the perimeter of the lot that faces the approach direction of the balloon (this will most often be north) would need to be removed and relocated. Under the Integrated Development Ordinance, trees are a critical instrument to reduce the heat island effect of land development. The City Planning staff informed the task force that to rearrange the landscaping on a site this would involve reconfiguring each property in a way that meets requirements outlined in the Landscaping, Buffering, and Screening section of the Integrated Development Ordinance. This could be achieved through the creation of an Alternative Landscaping Plan (allowed under the Integrated Development Ordinance) for each property. Alternative Landscaping Plans still need to meet the purpose of the Landscaping, Buffering, and Screening section of the IDO, which includes providing visual relief, addressing the heat island effect, etc. An example of an Alternative Landscaping Plan would be to remove the trees that are spread across a parking lot for shading and plant new trees along the parts of the perimeter of the property that are not on the approach side of the

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balloons or cluster the trees in a corner of the site. In addition, shrubs would have to be replanted in the location of where the trees were removed.

- *Parking lot light poles*, though not required by the City Zoning Code, are often needed by property owners for security. However, light poles in the interior of the lot and along the perimeter are a hazard for landing balloons and would have to be replaced with shorter lights. It is recommended to use 40 inch bollard lights that cast light over a small area and have more reach. Bollard lights are the appropriate height for providing adequate light to accommodate pedestrian and vehicle traffic and are low enough to not be a hazard for balloons. Bollard lights could be complemented with wall lighting on perimeter buildings to light the parking row and parking drive-lanes next to each building.
- *Overhead power lines* would need to be undergrounded if they are located on the property, along its perimeter, are very close to the property's perimeter, or are parallel to the side of the property that is on the approach side for balloonists.

In addition, depending on the type of zoning and physical constraints, a variance may be required to meet the parking lot requirements as outlined by the City's Integrated Development Ordinance.

IV. Implementation Viability

Plan A - Improving Multiple Small, Medium, and Large Properties: To determine if implementing an Alternative Landscaping Plan would be viable within the physical constraints of a balloon landing site in a way that would not be cost prohibitive, the task force contracted local planning firm Consensus Planning to conduct a cost estimate analysis and develop schematics for improving potential landing sites. Cost estimates and schematics were developed for small, medium, and large properties, ranging from 2+ acres to 15+ acres in size, and were selected from the original interactive map constructed by the City's AGIS Division back in August 2018. Cost estimates include the expense to remove and reinstall irrigation and landscaping and the extension of electrical service. PNM's Distribution and Engineering staff provided a general blanket cost estimate for undergrounding power lines for each property at around \$225,000. Cost estimates do not depend on which finance mechanism(s) are used to fund the improvements. Each schematic is complete with proposed locations for trees, shrubs, parking lot lights, bollard lights, and existing parking lot lights to remain.

Table 1. Cost to Improve Site w/ and wo/ Undergrounding Power Lines

Property Size	Cost wo/	Cost w/ (+\$225,000)
Small	\$13,932	\$238,392
Medium	\$35,446	\$260,916
Large	\$100,246	\$325,246

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Average Cost per Acre to Implement Plan A: Using the cost information generated for improving small, medium, and large properties, it was determined that the average cost to modify an acre of already developed land to become a balloon landing site is \$31,281.87. (See Table 2 below).

Table 2 Average Cost Per Acre to Implement Plan A						
Cost to Improve Per Typical Lot Size	Lot Typical Size	Acre Sq. Ft	Typical Lot Size Portion of an Acre	Cost to Improve Typical Area	Cost Per Square Ft.	Cost to Improve an Acre using Cost Per Square Foot
Small	26000	43560	60%	\$13,932.00	\$0.54	\$ 23,341.46
Medium	71000	43560	163%	\$35,446.00	\$0.50	\$ 21,746.87
Large	153705	43560	353%	\$172,044.00	\$1.12	\$ 48,757.27
Totals				\$221,422.00		
Average		43560			\$0.72	\$ 31,281.87
Note: Average per Large Acre is a higher expense in that per City Standards Lighting interior to the Site is Required.						

It is estimated that out of the 575 balloons that participate in a Mass Ascension, 50 can use the balloon landing field at Vista Del Norte and Osuna, and 37 could use the balloon landing field currently being purchased on north 2nd St. at the Old Mule Barn Cafe Site. Adequate acreage then needs to be secured to land 487 balloons, which would be 195 acres assuming 2.5 landings per acre. At a cost of \$31,281.87 per acre to make the necessary improvements to developed sites, the expense to prepare this many acres would be about \$6.1 million.

Availability of Lodgers Tax: Though the Balloon Fiesta generates in excess of \$2,500,000 in Lodgers Tax Revenue for the City of Albuquerque, much of the annual revenue for lodgers tax has been committed to bonding for projects throughout the City that benefit the hospitality industry. And it may be a few years before additional capacity is created to allow for new projects in the system. The status for the Bernalillo County is similar to that of the City nearly all of the County's lodgers tax revenue committed to existing projects.

It was decided to still present the below scenarios for several reasons. First, to help illustrate that the Balloon Fiesta, a significant source of lodgers tax funding requires reinvestment of a portion of the tax revenues that the event generates so as to continue to be viable. Second, that since the fiesta provides a major public benefit and is not able to access the government funding stream the event help generates, the loss of lodgers tax revenue should be supplemented from other sources and the following scenarios provide a balanced plan for implementing the needed reinvestment in the Fiesta.

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Analysis to Determine How Many Years It Would Take to Implement Plan A: To assess the implementation viability of Plan A, City Council staff worked with the AIBF to determine how many years it would take to make improvements to private properties using Lodgers Tax revenue collected during each year's previous Balloon Fiesta. The "Albuquerque International Balloon Fiesta 2019 Economic Impact and Guest Research Report found that the City of Albuquerque gained an estimated \$4.09 million in tax revenues from all sources and Bernalillo County gained an estimated \$1.44 million. The report also estimated that approximately \$2,5 million was generated from lodgers tax revenue in Metro Albuquerque. For the purpose of this report it is estimated that at least 2 million of that amount was generated within the City and Bernalillo County

Using this information two funding scenarios were completed assuming that the Balloon Fiesta would generate \$2, million in lodgers tax revenue for each of the next 10 years.. See Appendix 3 (Table 3) at the end of this report to review this scenario. The first is a 10 year scenario based upon the assumption that the Lodgers Tax Advisory Board would allocate all of the lodgers tax revenue collected during the previous year's Balloon Fiesta towards making improvements to properties for balloon landings, making \$1 million available to fund improvements to balloon landing sites. The second is a 5 year scenario based upon the assumption that the Lodgers Tax Advisory Board would allocate all of the revenue collected during the previous year's Balloon Fiesta towards making improvements to properties for balloon landings, making two million available to fund improvements to balloon landing sites.

Administrative Costs: While the amount of funds needed to make improvements to small, medium, and large properties has been estimated, the amount needed to administer license agreements, the mechanism determined to be the most viable for securing access to landing sites, with property owners has not been estimated. The City's Real Property Division's best determination is that each site would need to be negotiated separately for the following reasons. If the landing site is used for equipment storage, the cost for the license fee would likely be based on the cost, if any, to remove the equipment and store it on another site during the days that the property is being used as a landing field. If it is for a parking lot the license fee would likely be based on the cost, if any, to secure parking elsewhere during the time that the property would be used for balloon landings. Not only does the license fee need to be calculated, but the City needs to determine whether the license would be administered by a City department or by the AIBF. To offset the costs of administering the license agreements, an option that should be explored is the possibility of arranging compensation in the form of Balloon Fiesta parking passes, tickets, etc. It must be noted, however, that the value of these in-kind donations would fluctuate over time.

Plan B - Acquiring One Large or Several Medium Size Properties: The task force also explored opportunities for acquiring one of the three large properties discussed below to expand the Balloon Fiesta's inventory of potential landing sites. AIBF staff emphasized that they are always searching for land that does not have tall structures and is located directly south of Balloon Fiesta Park. Potential properties include the following:

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Osuna LLC Site: The task force determined that the 91 acre property owned by Osuna LLC located on the southwest corner of the intersection of Osuna Rd. and AMAFCA's North Diversion Channel would be the best property for expanding the AIBF's capacity during the Balloon Fiesta. This site has been an attractive site for the AIBF for many years. As a centralized site it would create a number of opportunities. For the Balloon Fiesta it would create an almost whole new addition to the event. Many consider watching the balloons land almost as appealing as watching them inflate and rise into the air. The Osuna property would be combined with the Vista Del Norte Property and could offer landing space for upwards of 275 balloons. This in itself would create an event. In addition, the site could be used to provide needed sports practice fields. City parks are at capacity and practice space is greatly needed. In addition, many league teams are club teams that draw players from throughout the metropolitan area. Developing the property for practice fields instead of tournament fields provides more flexibility in terms of their times and types of use by various organizations and entities. Practice fields also require less time and resources to maintain before and after their use. The fields at Osuna would provide a centralized location for these teams to practice. It would also be available for teams to practice on for 12 months a year.

The City's two large complexes provide limited practice opportunities. The Santa Ana Star Complex in Bernalillo is only available for games and the Balloon Fiesta Park is not available for sports teams from August through November. The landing fields would not require any preparation before the Balloon Fiesta since they would not be the central locus of the event.

The City's Real Property Division conducted a blind appraisal of the property, estimating the total cost for acquiring the 91 acre parcel to be around \$23,800,000 (\$261,538 per acre) with the total cost of developing a basic sports field complex on-site being around \$30,500,000 (this does not include the cost of installing stadium lights, bleachers, and concession areas). The 91 acres would accommodate 31 fields, complete with parking and support facilities for each field. This would be accompanied by 5 fields at Vista Del Norte Park to the North of the property. Each field with amenities should average about 4 acres. There would be an estimated total loss of \$8,265,000 in one-time construction gross receipts tax revenue from development that could occur on the site that were to remain in private hands. There is also an estimated annual loss of \$704,000 in property tax revenues generated from these property improvements and a yet to be determined loss of annual gross receipts from sales made by potential tenants on the site. Most of this, however, would be regained by tenant construction at other locations around the city. While there have been discussions surrounding the development of more sports fields in various parts of the City (including the property near Mesa del Sol), the task force emphasized that the purchase and development of the Osuna LLC property would not compete with other sites but would complement them. This is because the Osuna property could be used by teams for practicing before tournaments and the other proposed venues could be used during tournaments.

Purchasing the Osuna LLC property would be beneficial for the larger community because of its dual purpose of serving the Balloon Fiesta and the soccer community throughout the rest of the year. Being that the fields do not need to be maintained in

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tournament condition, they can be utilized for a variety of other uses, including a multitude of sporting events, fairs, trade shows, art exhibitions, and music venues.

Plan C: Purchasing Medium and Small Properties: The task force recommended two properties for purchasing that would provide the most balloon landing opportunities for the AIBF:

- 9700 2nd St. Property:** This is a 15-acre parcel of vacant property located behind the closed Mule Barn Restaurant. The property owner has historically allowed the site to be used as a balloon landing field. The owner has placed the site for sale for \$2.5 million and the AIBF would like to

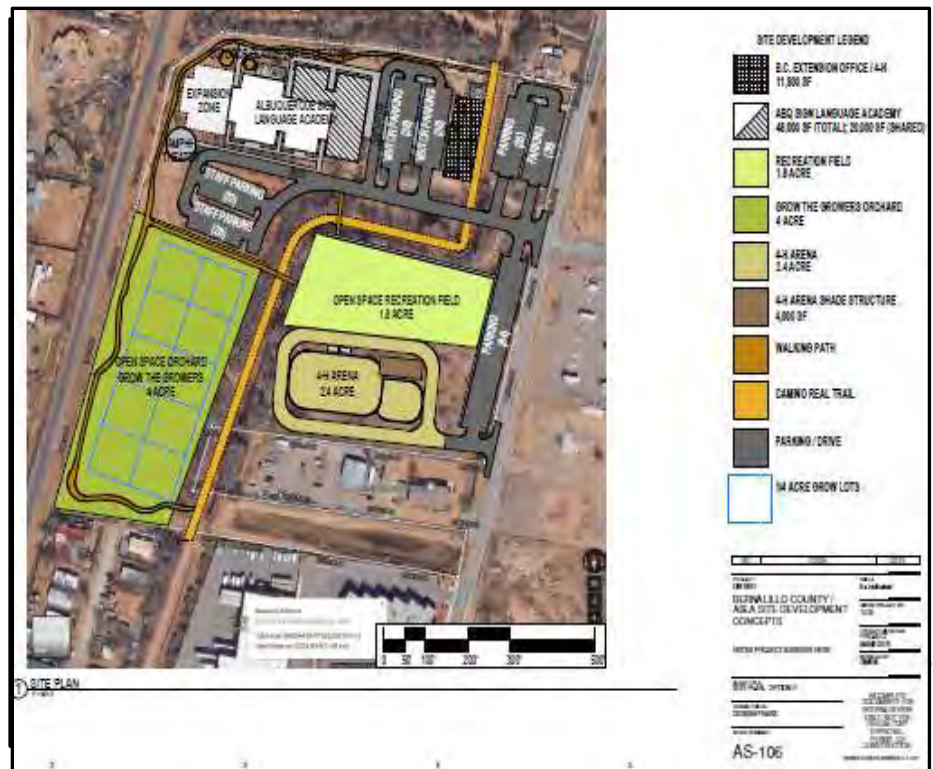
preserve the land as a landing site and has asked the City to purchase the site. The City is negotiating to purchase the land and should have it available as a balloon landing site for the 2020 Balloon Fiesta. With 2.5 balloons being able to land on one acre, this property could



accommodate as much as 45 balloon landings (see map to the right).

Sandia Ranch Property - Bernalillo County Open Space (18 acres):

This is an 18-acre property that has served as a significant landing spot for many of the Balloon Fiesta's pilots. Balloon Fiesta staff has requested that the County preserve the open space portion and the parking lot portions of the property for potential landings. While the first configuration (to the right, on top) is anticipated to be able to accommodate 12 or 13 balloon landings, the second is anticipated



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to be able to accommodate 7 or 8 (to the right, on bottom). County Planning after consultation with City Council staff agreed to accommodate for balloon landings in the site's master plan for Sandia Ranch. At this time, the capacity of this landing zone has not yet been determined as the master plan is still in development.

The AIBF also identified several other small and medium sized properties (see Table 4 on the next page) with an emphasis on vacant land that could accommodate up to a total of 280 balloon landings on 112 acres of land. This varies depending on whether or not properties already have buildings on them. The full total value provided for each property is based upon recommendations provided by Bernalillo County's Assessor Office.

Table 4: List of Possible Small and Medium Landing Sites to Acquire

Property*	Location	Acreage	# of Balloons Able to Land per Mass Ascension (2.5 Balloons per 1 Acre)	Full Total Value (includes Full Improvement Value)
Outlook Ranch	Northwest corner of intersection of Edith and Griegos - could be combined with the Gas Company lot and the Solid Waste lot nearby	1.5	3-4	\$81,370 for 1.6 acres) \$356,598 for whole parcel of 7 acres)
Brewer Oil Company	Northeast corner of Carmony Rd and Alexander Blvd	4.5	11-12	\$627,400 (2 parcels)
North 2nd St.	2nd St to the Railroad Tracks and from Los Ranchos to Roehl	28	62-63	\$1,026,300 (4 parcels)
North Edith	Vacant land west of Edith just north of Paseo Del Norte	15	37-38	\$875,000 (7-8 long, thin parcels)
Vista del Norte West	All the vacant land that is left of commercial property on west end of the development	10	25	\$1,304,700 (includes 6 parcels with 1 big western parcel valued at \$1)

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Alameda Properties	On Alameda from the Railroad tracks to Edith (commercial, residential, and agriculture properties)	8	20	\$150,116 for 6 parcels (4 parcels on south side are only around \$3,200 total with the other 2 parcels on the north end costing \$147,000 together)
Cabela's Property 1	Southwest intersection of Paseo Del Norte and I-25	13.5 total (including buildings)	25 (assuming balloons can't land on buildings)	\$7 million - includes 13.5 acres total (middle parcel with a few buildings at 6.8 acres and valued at \$6,521,700; the western vacant parcel at 4.8 acres valued at \$1; and eastern vacant parcel at 1.5 acres at \$379,900)
Cabela's Property 2	Southwest of Cabela's Property 1	6.5	16-17	\$1,821,100 (Vacant property to the southwest of the Cabela property)
Vacant Land west of Las Arboletas Neighborhood Park	South of Alameda, West of 2nd St.	5	12.5	\$3,715,100 (Parcel on southwest corner of Alameda and 2nd around 6.5 acres - this does not include the extra 1 acre or so that is in the public right of way)
Vacant Land surrounding Desert Springs Church	West of Vista del Norte Park	10	12.5 (on only the vacant land)	\$2,258,500 (about half of property has buildings and parking lots)
Vacant Property near Dekker/Perich/Sabatini in Journal Center	North of intersection of Masthead and Jefferson	5	12.5	\$1,097,000 (parcel north of Masthead and Jefferson intersection)

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Vacant Land west of Cottonwood Classical Preparatory School in Journal Center	Southeast of intersection of Jefferson and Tiburon	4.5	11-12	\$1,334,000 (vacant parcel to the west of the Cottonwood Classical Preparatory School around 4.5 acres)
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*Some of these already have houses or buildings on them. Some of them are multiple lots and possibly multiple owners.

Plan D: "X" Marks the Spot Program: As another option for preparing small and medium sized properties for balloon landings, the AIBF, in association with the Albuquerque Chamber of Commerce, have established and are expanding the "X" Marks the Spot Landowner Relations Program. The program was launched in 2007 and by 2019 245 property owners were participating. Landowners are provided instructions on how to create a landing area for balloonists. The instructions include details on how to create an X that is easily identifiable by balloon pilots flying near the site and how to create a safe landing zone on their property. In appreciation for their participation, the Hispano Chamber of Commerce provides gifts and prizes from its member businesses to participating property owners.

APPENDIX 1: R-18-19

CREATING A TASK FORCE TO IDENTIFY SOLUTIONS AND MAKE RECOMMENDATIONS TO PRESERVE LANDS AND PROPERTY FOR BALLOON LANDINGS DURING THE ALBUQUERQUE INTERNATIONAL BALLOON FIESTA (HARRIS)

WHEREAS, the Albuquerque International Balloon Fiesta is a world renown event and is the City's premier festival. In 2017 the Balloon Fiesta provided an economic impact to the City of \$173,000,000 and attracted an estimated 572,000 visitors from outside the City. The Fiesta has generated a substantial economic investment in lodging and restaurants, to the benefit of both Albuquerque as a community and the whole of New Mexico; and

WHEREAS, the City to keep and grow the Fiesta has invested tens of millions of dollars in the Albuquerque Balloon Fiesta Park; and

WHEREAS, landing space for balloons flying from the Balloon Fiesta Park is being eliminated as vacant land in the North Interstate-25 Corridor from Comanche/Griegos Roads to Alameda Boulevard is steadily infilled; and

WHEREAS, the City has acquired land for balloon landing fields at Osuna Boulevard and Vista Del Norte Drive and though helpful these lands are not sufficient to fully address the need for balloon landing space; and

WHEREAS, as less landing space becomes available, the operators of the International Balloon Fiesta may find it necessary to reduce the number of balloons allowed to fly at the Fiesta, which would diminish its attraction as a massive gathering of hot air balloons; and

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WHEREAS, to protect the viability of the Albuquerque International Balloon Fiesta the City must initiate solutions to preserve existing balloon landing areas and increase the inventory of available balloon landing fields.

BE IT RESOLVED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF ALBUQUERQUE:

Section 1. The Albuquerque International Balloon Fiesta Balloon Landing Task Force is established to review potential solutions to creating or acquiring additional balloon landing fields. The task force shall be composed of the following:

- The Mayor of Albuquerque and or their designated representative,
- Two City Councilors,
- Two members of the Bernalillo County Commission,
- Two members of the Senate of the New Mexico Legislature,
- Two members of the House of Representatives of the New Mexico Legislature,
- A representative from the Albuquerque Balloon Fiesta,
- A member of the Albuquerque Parks Board,
- The Director of the Albuquerque Parks and Recreation Department,
- The Director of the Albuquerque Planning Department,
- A representative of the staff of the State of New Mexico Legislature Legislative Council Services Department,
- A member of the Albuquerque Metropolitan Parks Board,
- A representative from the Albuquerque Chamber of Commerce,
- A representative of the National Hispano Chamber of Commerce,
- A representative from the New Mexico Chapter of the National Association of Industrial and Office Parks.

Section 2. The Albuquerque International Balloon Fiesta Balloon Landing Task Force will by December 30, 2018 submit a report with recommendations of solutions. The task force shall research recommendations that include by are not limited to:

- State and local economic and tax incentives for property owners to provide temporary landing fields,
- Leases that grant the City right to use parking areas on private property as landing fields during the balloon fiesta,
- State and local incentives and/or lease agreements that enable property owners to make improvements to parking areas that enable their use as a balloon landing field,
- Identifying improvements and operating changes that would be needed to use City owned lands and facilities as balloon landing fields,
- The potential and feasibility of acquiring lands for both balloon landing fields and other recreations uses, and
- Designation of City Facilities as temporary balloon landing fields during the fiesta.

Section 3. The task force shall be jointly managed by the Albuquerque International Balloon Fiesta and the City of Albuquerque Council Office, with support from the City of Albuquerque Parks Department, the City of Albuquerque Planning Department and other agencies willing to provide assistance.

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Appendix 2: Mechanisms Analysis Spreadsheet (See attached spreadsheet)

Appendix 3: Plan A Implementation Analysis (See attached spreadsheet)

Appendix 4: Osuna Property Acquisition Map and Analysis (See attached map)